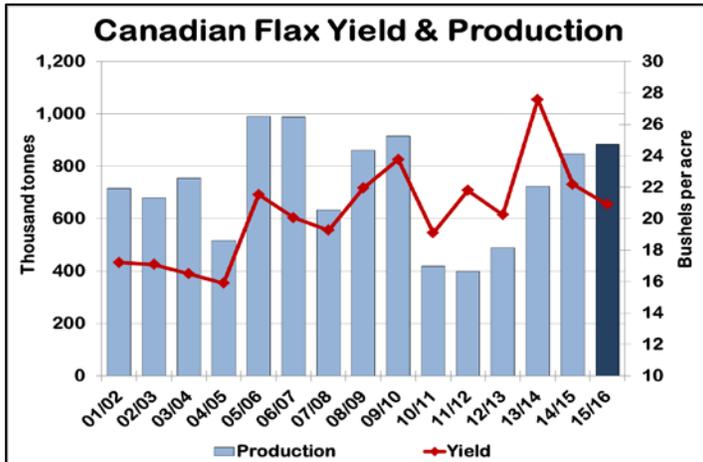
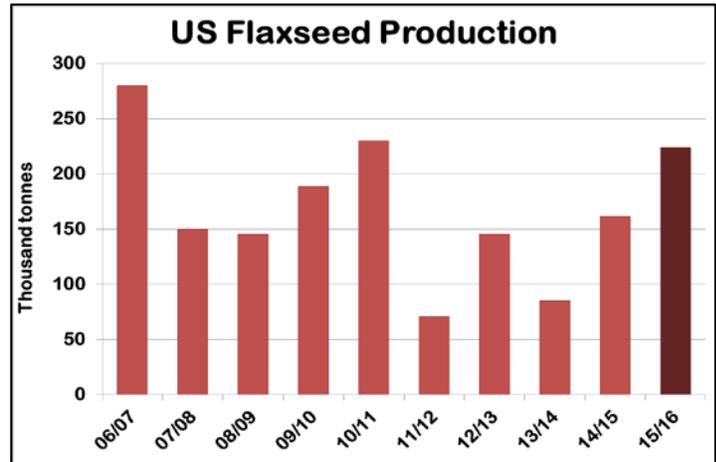


# Flax Market Snapshot

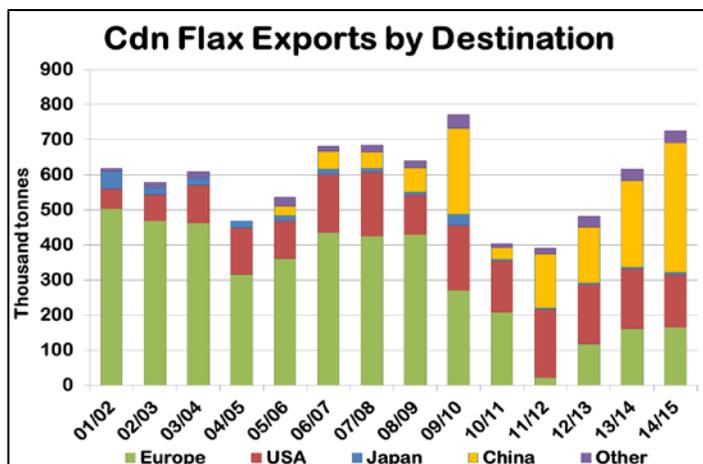
August 27, 2015



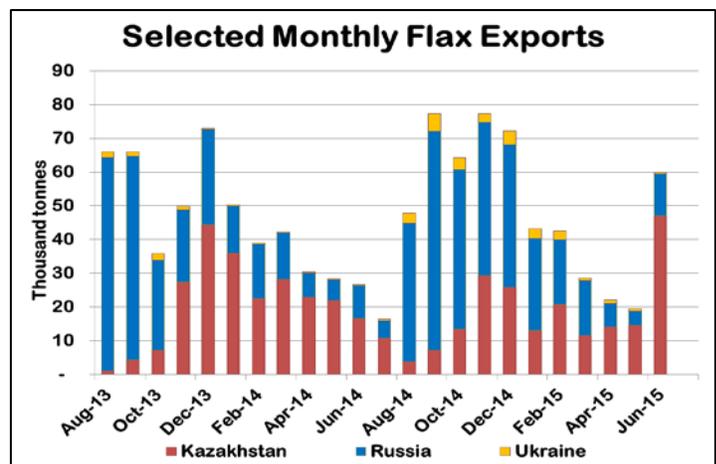
StatsCan's first production estimate for 2015 showed the Canadian crop at 884,000 tonnes, compared to 847,000 tonnes last year. This continues the trend of increasing production that's been in place since the Triffid issue affected the Canadian market. The flax yield of 20.9 bu/acre is below average but is in line with estimates from other sources.



Earlier, the USDA had estimated a 41% increase in 2015 flax acreage and it appears that will translate into a larger 2015 flax crop. Conditions in North Dakota are reported to be very favourable, which could allow production to surpass the 2010/11 total of 230,000 tonnes. Acreage data from the USDA FSA also indicates an even larger crop is possible.

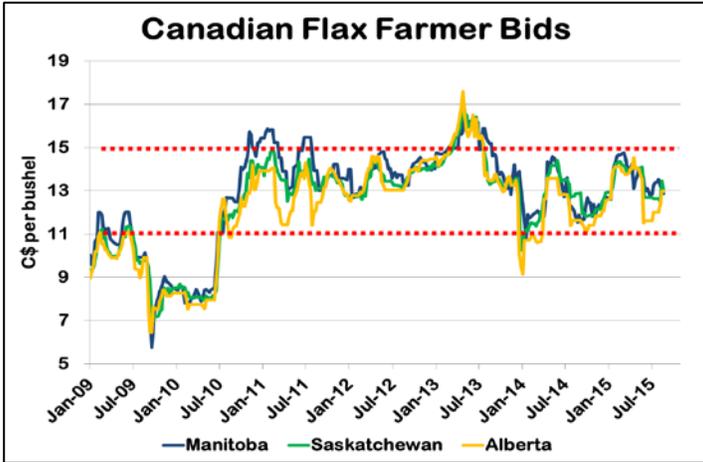


Flax exports in 2014/15 were impressive at an estimated 725,000 tonnes. This continues the string of rising export volumes, now matching the pre-Triffid levels. China's dominance of the export market continues. In 2014/15, China is estimated to have purchased just over half Canadian volumes. US purchases declined while European imports were steady.

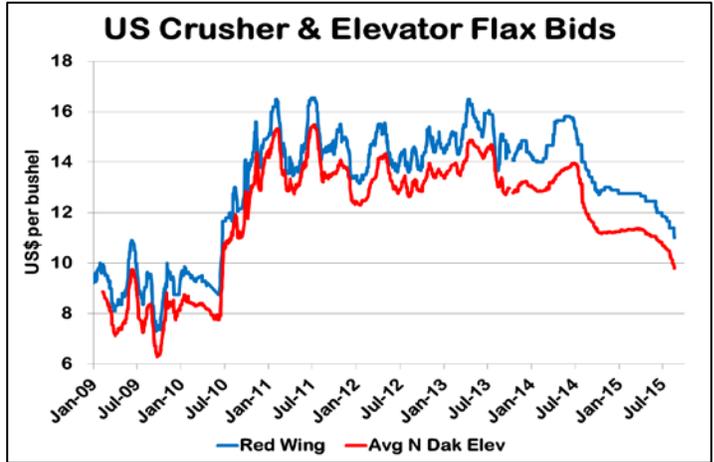


After several months of declining export volumes, Black Sea exports jumped in June to 60,000 tonnes. Kazakhstan was the leading supplier, exporting 47,000 tonnes mainly to western European countries. These larger volumes this early in the year indicate Black Sea supplies are still comfortable and these countries could remain sizable competitors in coming months.

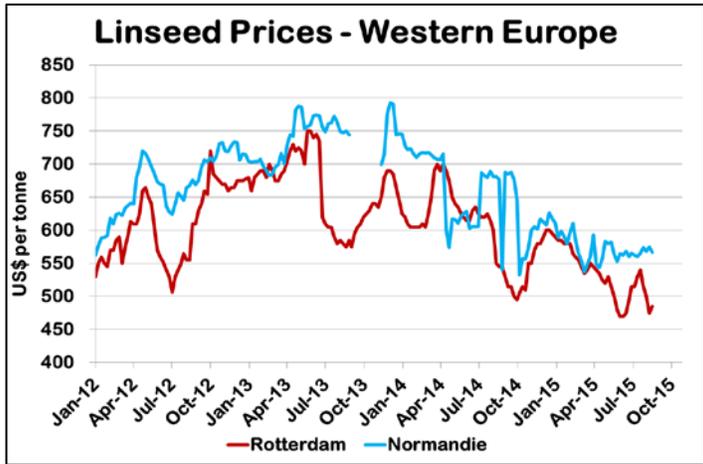
# Flax Market Snapshot - August 27, 2015



While there's been some short-term volatility, posted Canadian flax bids have continued to move sideways in a fairly wide band that has more or less been in place since 2010. Prices are transitioning between old-crop and new-crop levels and will take direction from the size of the Canadian crop. The strength of export demand will also be a key factor for new-crop prices.



While Canadian flax prices have been partly supported by a weaker Canadian dollar, both crusher and elevator bids in the US are declining as harvest progresses. The larger US crop is also negative for prices south of the border. Since early summer, elevator prices have lost US \$1.25 per bushel and the momentum is still lower, dropping below the longer term sideways range.



Linseed prices in Western Europe have been somewhat volatile but appear to have found some footing after an extended decline. This earlier weakness was related to larger supplies available from the Black Sea region and some exports from western Canada. Direction over the next six months will largely depend on the size of the harvest in Russia and Kazakhstan.

	11/12	12/13	13/14	14/15	15/16
Seeded acres, 000's	740	980	1,050	1,555	1,690
Harvested acres, 000's	720	950	1,033	1,503	1,665
Yield (bu/acre)	21.8	20.3	27.6	22.2	20.9
<b>Supply ('000 tonnes)</b>					
Carry-In	193	137	71	84	<b>86</b>
Production	399	489	724	847	884
Imports	9	15	14	5	<b>10</b>
<b>Total Supply</b>	<b>601</b>	<b>640</b>	<b>809</b>	<b>936</b>	<b>980</b>
<b>Disposition ('000 tonnes)</b>					
Seed	17	18	26	24	<b>24</b>
Other Domestic	57	71	82	101	<b>86</b>
Exports	391	481	616	725	<b>670</b>
<b>Total Disposition</b>	<b>465</b>	<b>569</b>	<b>725</b>	<b>850</b>	<b>780</b>
<b>Ending Stocks</b>	<b>137</b>	<b>71</b>	<b>84</b>	<b>86</b>	<b>200</b>
<b>Stocks/Use</b>	<b>29%</b>	<b>12%</b>	<b>12%</b>	<b>10%</b>	<b>26%</b>

*Source: Statistics Canada with LeftField projections in bold*

StatsCan will be releasing 2014/15 ending stocks estimates in early September, but the level is expected to remain fairly steady from the previous two years. For 2015/16, the larger crop with the potential for slightly reduced export volumes would cause ending stocks to increase, possibly as high as 200,000 tonnes. That would be the largest ending stocks since 2009/10.

## The Fine Print

At LeftField, we do our best to provide accurate information in this newsletter but we don't guarantee its accuracy nor accept liability for any errors. This newsletter provides market information and does not offer specific marketing recommendations.